

Minutes of the Finance Committee

Wednesday, November 7, 2012

Chair Haukohl called the meeting to order at 8:30 a.m.

Present: Supervisors Pat Haukohl, Dan Draeger, Cathleen Slattery, Bill Zaborowski, and Larry Nelson. Pamela Meyer arrived at 8:34 a.m. and Richard Morris arrived at 10:15 a.m.

Also Present: Chief of Staff Mark Mader, Legislative Policy Advisor Sarah Spaeth, Business Manager Lyndsay Johnson, Administration Director Norm Cummings, Baird Public Finance Director Bradley Viegut, Principal Financial Projects Analyst Bob Ries, County Board Supervisor Duane Paulson, Human Resources Manager Jim Richter, Budget Manager Keith Swartz, Senior Financial Analysts Clara Daniels and Bill Duckwitz, and Reporter Darryl Enriquez. Recorded by Mary Pedersen, County Board Office

Approve Minutes of Previous Meeting(s)

MOTION: Nelson moved, second by Slattery to approve the minutes of October 10, 2012. Motion carried 5-0.

MOTION: Draeger moved, second by Nelson to approve the minutes of October 17, 2012 (public hearing) as amended. Motion carried 5-0.

MOTION: Slattery moved, second by Zaborowski to approve the minutes of October 17, 2012. Motion carried 5-0.

MOTION: Zaborowski moved, second by Draeger to approve the minutes of October 19, 2012. Motion carried 5-0.

MOTION: Nelson moved, second by Draeger to approve the minutes of October 29, 2012. Motion carried 5-0.

Meyer arrived at 8:34 a.m.

Schedule Next Meeting Dates

November 20th at 1:00 p.m. (joint meeting followed by regular meeting)

Contract Procurement Process for Corrections Food Service

Johnson advised the contract was awarded to A'viands LLC, the highest rated proposer, for a total first year contract cost of \$668,809. This is a five-year contract and each year assumes a maximum allowance of a 3% increase from the previous year's annual cost. A total of three proposals were received although one was unresponsive, therefore, two were considered. To answer Haukohl's question, no interviews were conducted because based on the two proposals, A'viands was clearly the winning bidder.

MOTION: Zaborowski moved, second by Meyer to approve the contract procurement process for Corrections food service. Motion carried 6-0.

Discuss Refinance of the 2006 Issue and Review Proposed Ordinance

Cummings and Viegut were present to discuss this item as outlined in the draft ordinance. A summary of the refinancing as prepared by Baird was also distributed. The winning bid/interest rate will be announced and considered at the November 27 (6:15 p.m.) Finance Committee meeting. JP Morgan Chase, Wells Fargo, and PNC Bank have expressed interest in bidding so far. Cummings said the County will not advertise the issue nor do we need to because interest rates are “rock bottom” and the County should save quite a bit of money. Viegut noted there is flexibility to negotiate lower rates if they are too high and he could recommend the County reject the bids altogether if they are not favorable. Mader suggested the dollar amount be removed from the ordinance title as this figure could change and Haukohl asked that it reflect the 2006 issue. Cummings agreed to make the changes.

Review Estimated 2012 Governmental Fund Balances (General, Special Revenue, Capital, Debt)

Cummings explained the various County funds and how they are managed. The County maintains unrestricted fund balances to provide necessary working capital to avoid cash flow interruptions and short-term borrowing to fund daily operations, and to maintain the County’s triple A bond ratings. The unrestricted governmental (general and special revenue) fund balance to governmental expenditures ratios will be maintained at a minimum of 11%. The current target is between 15 and 16%, or about eight weeks of working capital for operations. Fund balance reserves will not be used to offset continuous operation costs. To the extent possible, reserves will be used to provide operating efficiencies over the long term. Estimated 2012 expenditures from the general and special revenue funds total \$184,306,948 with an unassigned fund balance of \$31,380,167 – a 17% ratio. Cummings said we are using more fund balance to get that figure reduced and the 2013 budget reflects a ratio of 16.5%. Cummings briefly reviewed the capital and debt funds.

3rd Quarter Report on Investments

Ries discussed his report as outlined which included information on investment yield and revenue, average daily balance, the County’s portfolios, etc. Total interest earnings for the quarter were \$1,173,750, down \$807,419 from the 2nd quarter, largely due to the decrease of approximately \$452,860 in the amount of realized gains compared to the prior quarter. A decrease in par value adjustments on the Treasury Inflation Protected (TIP) securities of \$263,832 from the 2nd quarter were also a factor in the decrease of interest earnings. The total County investment balance at the end of the 3rd quarter was \$219,995,966 with an average investment rate of 0.53%.

MOTION: Zaborowski moved, second by Nelson to accept the 3rd quarter investments report. Motion carried 6-0.

Morris arrived at 10:15 a.m.

3rd Quarter Report on Special Revenues Funds

Swartz reviewed his report on the County’s two Special Revenue Funds in the Public Works and Parks & Land Use departments.

Overall, total year-end expenditures for State and County Highway Maintenance and Transit Service Operations are estimated to be \$11.37 million or about \$360,000 below the modified 2012

budget. Total 2012 revenues are estimated by the department to be about \$9.5 million, which is over budget by almost \$250,000. If these estimates materialize, the department plans to request a fund transfer to cover estimated above-budget County Highway interdepartmental charges related to equipment maintenance and fuel costs from estimated under spent personnel and operating expenditure appropriations. Management believes the Transportation Fund programs overall will have a combined positive result impacting the Transportation Fund balance by over \$600,000 at year-end.

Regarding the Tarmann Parkland Acquisition Fund, overall 2012 revenues are estimated to be about \$1,065,000 and include about \$580,000 in State Stewardship grant reimbursements already received (approximately half of eligible land purchase costs) from land acquisitions made in prior years. Estimated revenues also include net landfill siting revenues of about \$365,000 and investment income on the Tarmann Fund balance estimated at \$120,000. Total 2012 expenditures are estimated to be about \$580,000 which includes about \$547,000 of expenses for approximately 61 acres acquired in the Town of Mukwonago for the Anchor Bank property. The remaining \$33,000 is related to land acquisition transaction costs. No additional land purchases are anticipated in 2012. Management anticipate revenues exceeding expenditures which is expected to add about \$485,000 to the Tarmann Fund balance and \$770,000 of appropriated Tarmann Fund balance is not expected to be used.

MOTION: Zaborowski moved, second by Nelson to accept the 3rd quarter Special Revenue funds report. Motion carried 7-0.

Discuss and Consider Additional Individual Supervisor Amendments

Amendment: SPVR-1

Department: All Departments

Fund: Governmental Funds

Supervisor: Janel Brandtjen

The committee discussed this amendment as proposed by Supervisor Brandtjen to reduce the tax levy as follows: Reduce personnel costs (salaries and related benefits expenditures) across appropriate departmental budgets and reduce related levy funding by \$751,000 to remove budget appropriations for any across-the-board increase for non-represented employees (excludes Teamsters and Wisconsin Professional Police Association represented employees). The amendment results in \$751,000 of reduced levy appropriation from salary and related employee benefit accounts in the appropriate governmental fund budgets across County departments.

Mader, Richter and Cummings spoke on the amendment to eliminate a 1.3% salary increase that is being proposed for County employees. Cummings referred to the compensation study which will be presented to three standing committees on November 20. The study revealed that total compensation in Waukesha County is 16% less than comparative positions in the private sector. While the County is slightly higher in benefits, salaries are much lower. Private sector increases averaged 2.5% in 2011, 2.8% in 2012, and 3% is anticipated next year. Eliminating pay increases will penalize newly decertified non-union employees and does not send a good message. Cummings said this is a frontal attack on Act 10 and we want our employees to choose to not re-unionize if this becomes an option in the future. Per Vrakas, Cummings said it is important we treat our employees fairly and he recommends the committee reject this amendment. Waukesha County

has a great workforce and when the labor market improves, we do not want to lose our best and brightest for higher wages elsewhere. Paulson also spoke against it and reiterated some of Cummings' points. Draeger wished Brandtjen was here to defend her amendment and questioned her motivation besides decreasing the levy. The compensation study should be examined first. Nelson felt a salary freeze was disrespectful to employees. Zaborowski felt the timing of this amendment was poor. Slattery, Meyer, and Haukohl spoke against it and commented about the need for good, sound policy decisions. Morris said approving this would send the wrong message to employees.

MOTION: Morris moved, second by Nelson to defeat Amendment SUPR-1. Motion carried 7-0.

Ordinance 167-O-052: Adopt 2013 Waukesha County Budget

MOTION: Meyer moved, second by Nelson to approve Ordinance 167-O-052. Motion carried 7-0.

MOTION: Zaborowski moved, second by Slattery to adjourn at 11:19 a.m. Motion carried 7-0.

Respectfully submitted,

William J. Zaborowski
Secretary